



IRDA/INT/MISC/ORD/140/05/2021

ORDER

In the matter of M/s Policybazaar Insurance Web Aggregator Pvt. Ltd.

1. The Insurance Regulatory and Development Authority of India (hereinafter referred to as The Authority) grants Certificate of Registration to Insurance Web Aggregators to do the business of Insurance Web Aggregation.
2. The objective of Insurance Web Aggregators is to maintain a website for providing interface to the insurance prospects for basic features and information of products of different insurers. In this regard, The Authority notified IRDAI (Insurance Web Aggregators) Regulations, 2017 (hereinafter referred as Web Aggregators Regulations) laying down the regulatory framework for the functioning of Insurance Web Aggregators.
3. As part of regulatory process, the Authority noticed that Policybazaar Insurance Web Aggregator Pvt. Ltd. (hereinafter referred to as Policybazaar) had sent an SMS to their customers that the "life insurance prices are set to increase from 1st April save upto Rs 1.65 lakhs by buying Term plan today." Hence explanation was sought from Policybazaar vide email dated 07th April, 2020 by the Authority on the same. Policybazaar was also advised to stop this SMS forthwith and to furnish the basis of the advertisement. The reply to the said email was submitted by Policybazaar vide email dated 8th April, 2020.

Policybazaar submitted that the content referred in the SMS was an informative messaging only. The said communication was disseminated by Policybazaar based on the information received from their key insurance partners. According to Policybazaar's submission they were given to understand that the increase in premium rates is primarily on account of recent increase in the reinsurance costs. Policybazaar submitted that this SMS was sent primarily to keep their customers informed about the premium increase to avoid customer grievance at a later date. They had issued the SMS to keep their customer updated and not to mislead the customers. They also confirmed that they have stopped the SMS immediately on receipt of The Authority's communication. With regard to the basis of advertisement Policybazaar submitted that they had issued the SMS based on information received from their key insurance partners.

4. In response to Policybazaar's submission, the Authority vide email dated 8th April, 2020 advised Policybazaar to furnish copies of confirmation from the insurers. In response, Policybazaar vide email dated 9th April, 2020 submitted copies of email received from HDFC Life and TATA-AIA Life. The email from HDFC Life and TATA-AIA Life gave details of the new plans they proposed to issue in the month of April 2020.
5. Based on the submissions of Policybazaar, the Authority observed that they had allegedly violated the provisions of IRDAI (Insurance Web Aggregators) Regulations, 2017 and IRDA (Insurance Advertisements and Disclosure) Regulation, 2000. Hence, Show Cause Notice (herein referred as SCN) dated 29.07.2020 on the alleged violations was issued to Policybazaar.

i. Charge 1:

A. Violation of Clause a(i) & a(ii) of Form W of Schedule VIII read with Regulations 32 and Clause 10 (b) (vi) of Form T of Schedule VI read with Reg. 29 of Web Aggregators Regulations, 2017.

Form W of Schedule VIII read with Regulation 32 stipulates that every Insurance Web Aggregator shall conduct its dealings with Prospects/ Policyholders with utmost good faith and integrity at all times and shall act with care and diligence. Policybazaar allegedly sent misleading information through SMS - "*Life insurance prices are set to increase from 10th April, save up to Rs.1.65 Lakhs by buying Term Plan today!*" to general public.

ii. Charge 2:

A. Violation of Regulation 11 of IRDA (Insurance Advertisements and Disclosure) Regulation, 2000

According to the Regulation 11 of IRDA (Insurance Advertisements and Disclosure) Regulation, 2000, if an advertisement is not in accordance with these regulations the Authority may take action in one or more of the following ways:

(i) issue a letter to the advertiser seeking information within a specific time, not being more than ten days from the date of issue of the letter;

(ii) direct the advertiser to correct or modify the advertisement already issued in a manner suggested by the Authority with a stipulation that the corrected or modified advertisement shall receive the same type of publicity as the one sought to be corrected or modified;



(iii) direct the advertiser to discontinue the advertisement forthwith;

(iv) any other action deemed fit by the Authority, keeping in view the circumstances of the case, to ensure that the interests of the public are protected.

The advertiser may seek additional time from the Authority to comply with the directions justifying the reasons therefor. The Authority, may, however, refuse to grant extension of time if it feels that the advertiser is seeking time only to delay the matters.

Any failure on the part of the advertiser to comply with the directions of the Authority may entail the Authority to take such action as deemed necessary including levy of penalty.

iii. Charge 3:

A. Violation of Regulation 9 of IRDA (Insurance Advertisements and Disclosure) Regulation, 2000

Regulation 9 of IRDA (Insurance Advertisements and Disclosure) Regulation, 2000 stipulates that every advertisement for insurance shall state the full registered name of the insurer/ intermediary/ insurance agent. Policybazaar did not disclose their name in the SMS sent to policyholders.

6. Policybazaar made their written submission vide reply dated 18.08.2020 and requested for personal hearing.

Submission for Charge 1:

With regard to the communication received from HDFC Life regarding increase in premium, Policybazaar submitted that the premium rates table annexed by HDFC Life show that the premium rates for Term Plan of HDFC Life are higher than those available on the company's website till 16th April, 2020. In addition, Policybazaar referred to the Price Chart document of HDFC Life for premium comparison of term plans before and after 16th April, 2020 that demonstrates that the term plan premium rates were increased from 17th April, 2020.

With regard to TATA AIA Life, Policybazaar has submitted email dated 17th March, 2020 from TATA AIA Life, written prior to SMS circulation and Authority email dated 7th April, 2020 to it. Policybazaar has enclosed Price Chart document of TATA AIA Life that

4

shows the premium comparison of term plans before and after 15th April, 2020. The same also shows that premium rates for term plan were increased by TATA AIA Life from 16th April, 2020.

Further according to Policybazaar, various news articles appeared in public domain on term insurance premium increase quoting Chairman, LIC and other executives of the insurers/ industry. These included articles in Live Mint, Money Control, Business Today, Financial express, etc. Policybazaar submitted Price Chart document of 5 life insurers across 5 profiles from 1st April, 2020 to 15th April, 2020 that showed the impact of premium increase in term plans.

Therefore, according to Policybazaar the information in the quoted SMS was neither misleading nor wrong and was based on specific information received from insurers as well as from public domain. Policybazaar denied that the information was neither misleading nor detrimental to the interest of prospects. According to Policybazaar, the information may have prompted some interested customers to expedite their insurance buying decision. Policybazaar also denied that it had violated the code of conduct as given under the Web Aggregator Regulations. According to Policybazaar, they have not disseminated any misleading information to the prospective customer. According to them an informational SMS cannot cause inconvenience to anybody and they did not also receive any complaint from any prospect that it caused any inconvenience to them.

Submission for Charge 2:

With regard to alleged violation of advertisement regulations, they immediately complied with Authority's directions and stopped the circulation of SMS

Submission for Charge 3:

With regard to not having its full registered name in the SMS, Policybazaar submitted that they have followed TRAI regulations that stipulate that a maximum of 6 characters are allowed to be used as Header.

7. As requested by Policybazaar The Authority granted the personal hearing on 24th November, 2020 at 04:00 PM through Video Conference. The following officials were present in the meeting:



On behalf of IRDAI:

Mrs. T.L. Alamelu - Member (Non-Life)
Shri Randip Singh Jagpal - CGM (Intermediaries)
Shri. Prashanth Kumar - Manager
Shri Saravanakumar Rasappan - Manager

On behalf of the Web Aggregator:

Shri Yashish Dahiya - Co-Founder
Shri Manoj Sharma - Principal Officer
Ms Deepti Rustagi - Head, Legal
Ms Shivli Katyayan - Compliance Officer

8. Based on the charges levied against Policybazaar in the SCN, response of Policybazaar in their reply dated 18th August 2020 and submission made by Policybazaar during personal hearing on 24th November, 2020, the decision of the Authority on the charges are detailed below:

Charge 1:

Submission of Policybazaar during Personal hearing:

- i) Policybazaar reiterated its earlier submissions in its reply dated 18th August 2020. In addition, it submitted that two-third of its Term Insurance business contribution is from three life insurers viz. ICICI Prudential, HDFC Life and Tata AIA Life Insurers. It had received information from these three insurers stating that their term insurance premium will be increased from April, 2020. Based on this communication, Policybazaar had sent the information through SMS to Policybazaar's existing customers only.
- ii) No insurer objected their said SMS communication to the insurance prospects. Policybazaar submitted that there was no price revision from the remaining life insurers.

Decision of the Authority:

After taking into consideration all the facts placed before the Authority, it is noted that Policybazaar had sent SMS based on the information and price charts provided by HDFC Life and TATA AIA Life which showed the increase in premium rates for term insurance



plan from 16th April, 2020. This was further supported by various articles in newspapers and public domain on term insurance premium increase quoting Chairman, LIC and other executives of the insurers/ industry. In addition, the Price Chart document submitted by Policybazaar of 5 life insurers across 5 profiles from 1st April, 2020 to 15th April, 2020 showed the impact of premium increase in term plan. However, it is noted that all Life Insurers did not increase their premium rates and the increase was restricted only to a few life Insurers.

Therefore, the SMS would have created unnecessary panic and was completely avoidable. Therefore, considering that the SMS was sent to about ten lakh specific customers of Policybazaar and has the potential to cause avoidable panic among the customers; they are cautioned to be more circumspect when sending such communications in future.

Charge 2:

Submission of Policybazaar during Personal Hearing:

- i) Policybazaar submitted that they immediately stopped the circulation of SMS upon hearing from the Authority. It has not promoted any selected insurers in the SMS and the SMS was sent for the welfare of their customers.
- ii) Policybazaar confirmed vide their e-mail dated 2nd December, 2020 that the period of circulation from 15th March 2020 to 07th April 2020 and the SMS was sent to around 10 Lakh Policybazaar's customers.

Decision of the Authority:

Though Policybazaar has not promoted any named Insurer but it is also a fact that all insurers did not increase their price for Term Policies. The Authority notes that the SMS was withdrawn immediately after it was pointed out to Policybazaar. Thus there is compliance with Regulation 11 (3) of the IRDA (Insurance Advertisements and Disclosures) Regulation, 2000 and accordingly this charge is dropped.

Charge 3:

Submission of Policybazaar during Personal Hearing:

Policybazaar submitted that as per TRAI regulation maximum of 6 characters are allowed. Therefore, in SMS header "POLBAZ" was displayed in compliance with TRAI guidelines. Policybazaar therefore followed TRAI guidelines while sending the SMS for solicitation.



Decision of the Authority:

The Authority examined the submissions made by Policybazaar. The Policybazaar has to comply with The Authority's Regulations by mentioning its registered name in the main body of the text for which 160 characters are allowed. As per the Reg. 9, every advertisement shall state the full name of the insurer/intermediary/insurance agent. Policybazaar being a regulated entity in the insurance sector ought to have known that the IRDAI Regulations have to be complied in letter and spirit. Policybazaar's submission that it adhered to TRAI Regulations is specious and not tenable. The Regulation does not mention about Header of the advertisement. This reasoning is only to cover Policybazaar's omission to state its full name in the main body of the text of the advertisement

Hence, on a judicious application of the provisions of Regulations governing this violation, Policybazaar is levied a penalty of Rs Twenty Four lakh based on the number of days the SMS was in circulation i.e. from 15th March, 2020 to 7th April, 2020 for this violation.

If Policybazaar feels aggrieved by the above decision of the Authority, an appeal may be preferred to the Securities Appellate Tribunal as per Section 110 of the Insurance Act, 1938.

Place: Hyderabad

Date: 18/5/2021

**-Sd/
(T.L. Alamelu)
Member (Non-Life)**